

## Old Age, Disability, Death

First law: 1946 (implemented in 1965).

Current law: 1993 (implemented in April 1994).

Type of program: Parallel social insurance (**public**) and private insurance (**private**) systems.

**Exchange rate:** U.S.\$1.00 equals 995 pesos.

(Labor code requires larger employers to provide generally similar benefits to employees in regions where either program has not yet been applied.)

### Coverage

All employees except agricultural employees in some regions. Voluntary coverage for self-employed. Program gradually being extended to all regions of the country. Special system for employees of state oil company (Ecopetrol), teachers, and military and national police.

### Source of Funds

**Insured person:** 3.375% of earnings. Additional 1% of earnings for those earning over 4 times minimum wage (142,125 pesos per month) for the solidarity fund which provides the minimum benefit for low earners.

**Employer:** 10.125% of payroll.

**Government:** Partial subsidy to solidarity fund.

Minimum earnings for contribution and benefit purposes: Legal minimum wage. Domestic workers, half the legal minimum wage.

### Qualifying Conditions

**Old-age pension:** May choose between public or private systems; may change every 3 years.

**Public system:** Age 60 (men) or 55 (women). (Age to rise to 62 and 57, respectively in 2014.) 1,000 weeks of contribution.

**Private system:** Capital accumulation in individual investment account sufficient to purchase an annuity equal to 110% of minimum wage. May change from one pension fund management company (SAFP) to another every 6 months.

**Disability pension:** At least 50% loss of normal earning capacity. 26 weeks of contribution in year prior to onset of disability. Review of disability eligibility every 3 years.

**Survivor pension:** Deceased met contribution conditions for old-age or disability pension or was pensioner at death.

### Old-Age Benefits

**Old-age pension— public system:** 65% of base earnings—average earnings in 10 years prior to receiving pension— plus increment of 2% of earnings for each 50 weeks of contribution between 1,000 and 1,200 weeks, up to a maximum of 73% of basic monthly wage. Plus 3% for each 50 weeks between 1,200 and 1,400, up to a maximum of 85% of basic monthly wage. Those who have the age requirements but not the sufficient number of contributions receive a pension equal to base earnings times the number of weeks of contributions. Minimum pension: minimum wage.

Schedule of payments: 14 payments a year.

Adjustment: Annual adjustment of pensions for changes in consumer price index.

**Private system:** Insured's contributions plus accrued interest.

Capital accumulation in individual investment account sufficient to purchase an annuity equal to 110% of minimum wage. Value of insured's contributions under the public system provided as pension bond. At retirement, insured may make withdrawals from individual account, regulated to guarantee income for expected lifespan, or buy annuity from private insurance company, or a combination of the two. Minimum pension guaranteed by government.

### Permanent Disability Benefits

**Disability pension:** 45% of basic monthly wage plus increment of 1.5% of earnings for each 50 weeks of contribution over 500 weeks, when the disability is between 50-66%. 54% of basic monthly wage plus increment of 2% of earnings for each 50 weeks of contribution over 800 weeks, when the disability is greater than 66%.

Maximum pension, 75% of basic monthly wage; minimum, minimum monthly wage.

Those who have the age requirements but not the sufficient number of contributions receive a substitute benefit equal to an old-age benefit.

Schedule of payments: 14 payments a year.

Adjustment: Annual adjustment of pensions for changes in consumer price index.

### Survivor Benefits

**Survivor pension:** 45% of basic monthly wage plus increment of 2% for each 50 weeks of contribution over 500 weeks, up to a maximum of 75% of basic monthly wage.

Minimum pension: minimum monthly wage. Payable to: spouse or permanent companion; children less than 18 years old, students between 18 and 25, and disabled children of any age, all economically dependent on deceased; dependent parents and dependent disabled siblings.

Orphans, 20% of pension of insured for each orphan as defined above; 30% if full orphan. Maximum survivor pensions, 100% of pension of the insured.

Schedule of payments: 13 payments a year.

Funeral grant: Actual expenses up to monthly old-age pension but not less than 5 or no more than 10 times minimum wage.

### Administrative Organization

**Public system:** Ministry of Labor and Social Security, general supervision.

Social Security Institute, national administration of program.

Regional funds and local offices, established and supervised by Institute, local administration of contributions and benefits.

**Private system:** National Banking Superintendency, general supervision. Individual pension fund management companies (SAFP's), administration of individual capitalization accounts.

## Sickness and Maternity

First law: 1938.

Current law: 1993 (implemented in 1995).

## COLOMBIA

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Type of program: Social insurance system. Cash and medical benefits.

### Coverage

Coverage to be extended gradually to all inhabitants of Colombia, regardless of their ability to pay.

### Source of Funds

**Insured person:** 4% of earnings; self-employed, 12% of earnings.

**Employer:** 8% of payroll.

**Government:** Funds program for low earners through solidarity fund (see Old Age, Disability, Death, above) and additional government contributions.

Minimum earnings for contribution purposes: minimum wage.

### Qualifying Conditions

**Cash sickness and medical benefits:** 4 weeks of contribution immediately prior to claim, except in emergency cases.

**Cash maternity benefits:** 12 weeks of contribution before birth.

### Sickness and Maternity Benefits

**Sickness benefit:** 66-2/3% of earnings. Payable after 4-day waiting period for up to 180 days (may be extended to 360 days).

**Maternity benefit:** 100% of earnings, payable for 12 weeks.

Benefits also payable to adoptive parents of children under age 7.

### Workers' Medical Benefits

**Medical benefits:** Insured may choose between public or private health care. All include medical, surgical, hospital, pharmaceutical, maternity, and dental care, and related services; pre-existing conditions must be covered, although they may be subject to a waiting period except no waiting period is permitted for pregnant women and babies under one year old.

Benefits and facilities vary depending on the plan.

### Dependents' Medical Benefits

**Medical benefits for dependents:** Same as for insured.

### Administrative Organization

Ministry of Health, general supervision.

National Social Security Council on Health, administration of program.

**Employer:** 0.348%-8.7% of payroll, according to degree of risk. In addition, 1% of employers' contribution funds work injury fund which promotes health and safety for workers.

**Government:** None. Contributes to work injury fund from general revenues.

### Qualifying Conditions

**Work-injury benefits:** No minimum qualifying period. If employer delays payment of contribution for 2 consecutive months, automatically disqualified from program.

### Temporary Disability Benefits

**Temporary disability benefit:** 100% of earnings in the month prior to injury until rehabilitation, reintegration, cure or determination of permanent disability or death.

### Permanent Disability Benefits

**Permanent disability pension:** Benefit in proportion to the degree of disability, between 5% and 49% loss of working capacity, from one times base earnings to up to a maximum of 24 times base earnings—average earnings in last six months for work accidents or in last 12 months for occupational diseases. Between 50% and 66%, 60% of base earnings; more than 66%, 75% of base earnings. Constant attendance supplement: pension increased by 15%.

### Workers' Medical Benefits

**Medical benefits:** Medical, surgical, and hospital care; medicines; appliances; rehabilitation; and transportation.

### Survivor Benefits

**Survivor pension:** 100% of earnings of insured. Payable to each orphan under age 18 (25 if student, no limit if disabled); widow; permanent companion if lived together 2 years prior to the death of the insured, or if had children together; and dependent disabled widower.

### Administrative Organization

Ministry of Labor and Social Security, Ministry of Health, National Banking Superintendent, and National Council of Professional Risks, general supervision.

Professional Risk Administrators: Social Insurance Institute and life insurance companies authorized by the Banking Superintendent, national administration of program.

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## Work Injury

First law: 1915.

Current laws: 1993 and 1994.

Type of program: Social insurance system.

### Coverage

Employees in industry and commerce.

### Source of Funds

**Insured person:** None.

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## Unemployment

**Public sector:** Labor code requires employer to provide 1 month's severance pay (with 12% interest) per year of service. For dismissal without just cause, an additional indemnity is paid. For each year of service disregarding the first year, the additional indemnity equals 60 days' pay if 1-5 years of service; 65 days' pay if 5-10 years of service; and 75 days' pay if more than 10 years of service.

**Private sector:** Previous rights under public system rolled over to newly created private termination indemnity program, as of

January 1, 1991. Program is voluntary for employees covered under public system, mandatory for new hires as of January 1, 1991.

## Family Allowances

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First law: 1957.

Current laws: 1963 and 1982.

Type of program: Employment-related system.

### Coverage

All employees.

### Source of Funds

**Insured person:** None.

**Employer:** 4% of payroll.

**Government:** None, except as employer.

### Qualifying Conditions

**Family allowances:** Child must be under age 18 (23 if student, no limit if disabled); parents over age 60 or 60% disabled.

Parent must have completed 60 days of continuous employment with same employer, of which not less than 96 hours were credited during last 25 working days; also monthly income cannot exceed 4 times the legal minimum wage.

### Family Allowance Benefits

**Family allowances:** Amounts vary among funds, may be paid in cash or in kind.

Child disabled 60% or more receives double allowance.

Surviving spouse allowance: 12 months' payment to surviving spouse or custodian of dependent children. If dependent dies, family receives lump sum equal to 12 monthly payments.

### Administrative Organization

Ministry of Labor and Social Security, general supervision of funds.

Superintendency for Family Subsidies, supervision of family allowance funds.